



2008 ANNUAL REPORT

Cal-Maine Foods, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
(in thousands, except share and per share amounts)
May 31, 2008

1. Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of Cal-Maine Foods, Inc. and its subsidiaries (the "Company") and variable interest entities in which the Company is the primary beneficiary. All significant intercompany transactions and accounts have been eliminated in consolidation.

Business

The Company is engaged in the production, processing and distribution of shell eggs. The Company's operations are significantly affected by the market price fluctuation of its principal products sold, shell eggs, and the costs of its principal feed ingredients, corn and other grains.

Primarily all of the Company's sales are to wholesale egg buyers in the southeastern, southwestern, mid-western and mid-Atlantic regions of the United States. Credit is extended based upon an evaluation of each customer's financial condition and credit history and generally collateral is not required. Credit losses have consistently been within management's expectations. Two affiliated customers, on a combined basis, accounted for 36.5%, 36.9% and 36.6% of the Company's net sales in fiscal 2008, 2007 and 2006, respectively. Another customer accounted for 9.6%, 9.8% and 9.9% of the Company's net sales in fiscal 2008, 2007 and 2006, respectively.

Fiscal Year

The Company's fiscal year-end is on the Saturday nearest May 31, which was May 31, 2008 (52 weeks), June 2, 2007 (52 weeks), June 3, 2006 (53 weeks), for the most recent three fiscal years.

Reclassifications

Certain reclassifications have been made to the prior years' financial statements to conform to the current year presentation. These reclassifications had no effect on previously reported results of operations or retained earnings.

Variable Interest Entities

Financial Accounting Standards Board Interpretation No. 46 (revised), *Consolidation of Variable Interest Entities*, ("FIN 46") requires variable interest entities ("VIEs") to be consolidated if a party with ownership, contractual or other financial interest in the VIE (a variable interest holder) is obligated to absorb a majority of the risk of loss from the VIE's activities, is entitled to receive a majority of the VIE's residual returns (if no party absorbs a majority of the VIE's losses), or both. A variable interest holder that consolidates the VIE is called the primary beneficiary.

Beginning in the fourth quarter of fiscal 2007, the Company had variable interests in three entities in which it is the primary beneficiary and accordingly consolidates the statements of financial position, results of operations and cash flows of these entities pursuant to FIN 46. The Company has a 37% ownership interest in Texas Egg Products, LLC and leases to Texas Egg Products, LLC its operating facility. Texas Egg Products, LLC processes shell eggs into liquid and frozen egg products that are sold primarily to food manufacturers and to the food service industry.

The Company has a 43% ownership interest in Texas Egg, LLC and leases to Texas Egg, LLC its operating facility. Texas Egg, LLC has 70% ownership interest in South Texas Protein, LLC and subleases the facility to South Texas Protein, LLC. South Texas Protein, LLC is a spent hen processing facility in the start-up phase of its operations.

Total assets of the three VIEs for which the Company is the primary beneficiary totaled \$2,851 for fiscal 2008 and \$1,209 for fiscal 2007, net of elimination of intercompany balances.



FORM 10-K

CAL MAINE FOODS INC - CALM

Filed: August 11, 2009 (period: May 30, 2009)

Annual report which provides a comprehensive overview of the company for the past year

Exhibit 21

Subsidiaries of Cal-Maine Foods, Inc

Name of Subsidiary	Place of Incorporation or Organization	Percentage of Outstanding Stock or Ownership Interest Held by Registrant
Cal-Maine Farms, Inc.	Delaware	100%
Southern Equipment Distributors, Inc.	Mississippi	100%
South Texas Applicators, Inc.	Delaware	100%
CMF of Kansas, LLC	Delaware	(1)
Hillandale, LLC.	Florida	100%
American Egg Products, Inc.	Georgia	99.5%
Texas Egg Products, LLC	Texas	37%
Benton County Foods, LLC	Arkansas	100%
South Texas Protein, LLC	Texas	43%
Zephyr Egg, LLC	Florida	100%
Tampa Farms, LLC	Florida	100%

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- (1) Limited liability company of which Cal-Maine Foods, Inc. and Cal-Maine Farms, Inc. are members and have 99% and 1% interests, respectively.
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